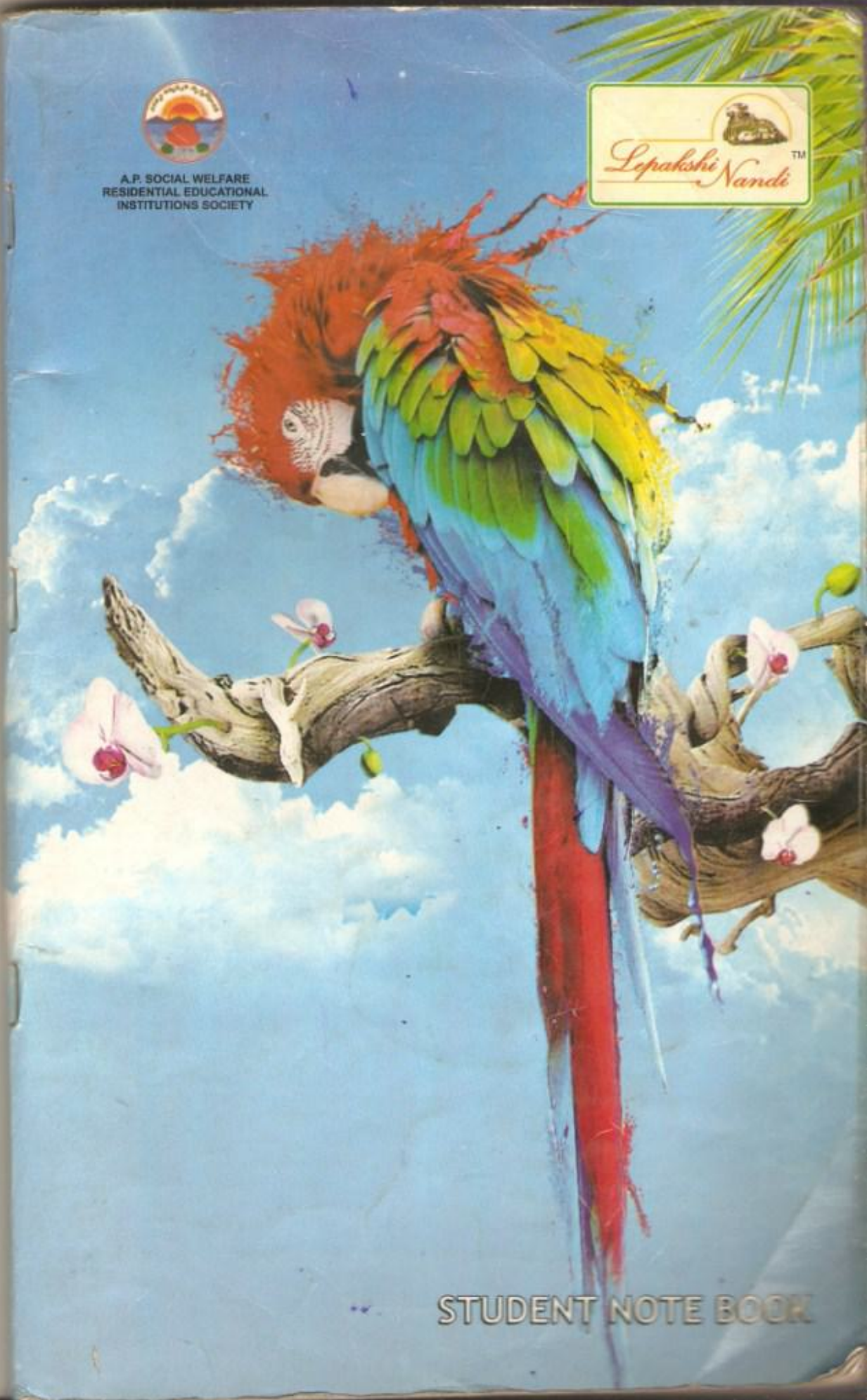
A.P. SOCIAL WELFARE
RESIDENTIAL EDUCATIONAL
INSTITUTIONS SOCIETY

Lepakshi Nandi™



STUDENT NOTE BOOK

~~Hire purchase And Instalment~~

HIRE PURCHASE AND INSTALLMENT PURCHASE SYSTEM

Working Tabale

Date	opening principal Amount 2	Interest in Instalment 3	principal in Instalment 4	Instalment Amount 5	closing principal Amount 6	opening Value of Asset 7	Depreciation 8	closing Value Of Asset 9

Tricks → Column Number

3+4 = 5
2-4 = 6
7-8 = 9

Journal Entries In The Books Of Hire Vendi (x)

Date	Particulars	LF	Debit Amount	Credit Amount
(1)	When the hire Vendi pays down payment on Signing the Hire purchase Agreement:-			
	Asset A/c ..... Dr		xxx	
	To Cash A/c			xxx
	(With Down payment Amount Only)			
(2)	When the First Installment is due To Hire Vendar (y):-			
	Asset A/c ..... Dr		xxx	
	Interest A/c ..... Dr		xxx	
	To y's A/c			xxx
(3)	When Installment Amount is paid To the Hire Vendar:-			
	y's A/c ..... Dr		xxx	
	To Bank A/c			xxx
(4)	When Depreciation for the year is charged on Asset:-			
	Depreciation A/c ..... Dr		xxx	
	To Assets A/c			xxx
(5)	When the Balance in Interest A/c & Depreciation A/c Transfered To profit & Loss A/c At the end of the year:-			
	profit & Loss A/c ..... Dr		xxx	
	To Interest A/c			xxx
	To Depreciation A/c			xxx

Note:-

i. Entry No 1 above is passed in First Year only And it is Never Repeated.

ii. Entries No 2 & 3 above are Repeated for ... Each Installment

iii. Entries No 4 & 5 above are Reapeated at the End of Each year

Accounts Required

1. Hire Vendars A/c (is closed every year)
2. Interest A/c (is closed Every Year)
3. Asset A/c (is closed with Balance every year)
4. Depreciation A/c (is closed Every Year)

Journal Entries in the Book Of Hire Vendar (Y)

date	particulars	LF	Debit Amount	Credit Amount
~~(1)~~	~~When Down payment is Received~~			
(1)	When Hire purchase Agreement is Signed by Hire Vendi :-			
	~~Hire Ve~~ 'x' A/c ---- Dr		xxx	
	To Sales A/c			xxx
	(This Entry is passed with Cash price Of The Asset Sold)			
(2)	When down payment is Reived from Hire Vendi :-			
	Bank A/c ----- Dr		xxx	
	To x's A/c			xxx
(3)	When Interest in Installment is due from the hire Vendi :-			
	x's A/c ------ Dr		xxx	
	To Interest A/c			xxx
(4)	When Installment is Received from Hire Vendi :-			
	Bank A/c ---- Dr		xxx	
	To x's A/c			xxx
(5)	When the Balance in Interest Account is Transfered To profit & loss Account at the End of the year :-			
	Interest A/c ---- Dr		xxx	
	To profit & loss A/c			xxx

Note :
i, Entries No 1 & 2 Above are passed in 1st year only & Never Reapeated again
ii, Entries No 3 & 4 Above are Reapealed for Each Installment
iii, Entry No 5 Above is Reapealed at the End of Each Year

i,
ii,

1/B-2

Date of Number of Install

1st Payment
2003
1-1-03
~~31-12-03~~
31-12-03
000
31-12-04
31-12-05

Accounts Required

1. Hire Vendor A/c (will closed with Balance each year until last year)
2. Interest A/c (is closed every year)

PROBLEMS

Working Table

Date of Payment	Opening Principal Amount	Interest in Installment	Principal in Installment	Installment Amount	Closing Principal Amount	Opening Value of Asset	Depreciation	Closing Value of Asset
31-03-03	37,250	—	10,000	10,000	27,250	37250	—	37250
31-03-04	27,250	1363	8637	10,000	18613	37,250	3725	33525
31-03-05	18613	931	9069	10,000	9544	33525	3353	30172
31-03-06	9544	456	9544	10,000	—	30172	3017	27155

Journal Entries In The Books of Madras Transport Co

Date	Particulars	L/F	Debit Amount	Credit Amount
1-1-03	Motor Car A/c ---- Dr		10,000	
	To Bank A/c			10,000
	(Being down payment made on purchase of a motor car on Hire Purchase System)			
31-12-03	Motor Car A/c ---- Dr		8637	
	Interest A/c ---- Dr		1363	
	To Bombay Motor Co's A/c			10,000
	(Being First Installment is due To Hire Vendar)			
31-12-03	Bombay Motor Co's A/c... Dr		10,000	
	To Bank A/c			10,000
	(Being First Installment is paid To Hire Vendar)			
31-12-03	Depreciation A/c --- Dr		3725	
	To Motor Car A/c			3725
	(Being Motor Car is depreciated as 10% P.A on Reducing Balances Method)			
31-12-03	Profit & Loss A/c ---- Dr		5088	
	To Interest A/c			1363
	To Depreciation A/c			3725
	(Being Interest & Depreciation is closed & Transfering To Profit & Loss A/c at the End of the year)			

31-12-04	Motor Car A/c ---- Dr		9069	
	Interest A/c ---- Dr		931	
	To Bombay Motor Co's A/c			10,000
	(Being Second Installment is due To Hire Vendar)			
31-12-04	Bombay Motor Co's A/c -- Dr		10,000	
	To Bank A/c			10,000
	(Being Second Installment is paid To Hire Vendar)			
31-12-04	Depreciation A/c ---- Dr		3353	
	To Motor Car A/c			3353
	(Being Motor Car is Depreciated at 10% D.A on Reducing Balances Method)			
31-12-04	Profit & Loss A/c ---- Dr		4284	
	To Interest A/c			931
	To Depreciation A/c			3353
	(Being Interest & Depreciation is closed Transfering To Profit & Loss A/c at The End of the Year)			
31-12-05	Motor Car A/c ---- Dr		9544	
	Interest A/c ---- Dr		456	
	To Bombay Motor Co's A/c			10,000
	(Being Final Installment is due To Hire Vendar)			
31-12-05	Bombay Motor Co's A/c -- Dr		10,000	
	To Bank A/c			10,000
	(Being Final Installment is paid & The Account is Settled of Hire Vendar)			

31-12-05	Depreciation A/c ---- Dr To Motor Car A/c (Being Motor Car is Depreciated at 10% pa as on Reducing Balance Method)		3017	3017
31-12-05	Profit & Loss A/c ---- Dr To Interest A/c To Depreciation A/c (Being Interest & Depreciation A/c is closed by Transfering To P&L A/c at the end of the year)		3473	456 3017

Dr	
Date	
31-12-03	
31-12-04	
31-12-05	

Dr	
31-12-03	
31-12-04	
31-12-05	

LEDGER OF MADRAS TRANSPORT CO

Dr Bombay Motor Co's A/c Cr

Date	Particulars	Amount	Date	Particulars	Amount
	To Bank A/c	10,000	31-12-03	By Motor Car A/c	8637
			31-12-03	By Interest A/c	1363
		10,000			10,000
	To Bank A/c	10,000	31-12-04	By Motor Car A/c	9069
			31-12-04	By Interest A/c	931
		10,000			10,000
	To Bank A/c	10,000	31-12-05	By Motor Car A/c	9544
			31-12-05	By Interest A/c	456
		10,000			10,000

Dr Interest A/c Cr

Date	Particulars	Amount	Date	Particulars	Amount
	To Bombay Motor Co A/c	1363	31-12-03	By Profit & Loss A/c	1363
	To Bombay Motor Co A/c	931	31-12-04	By Profit & Loss A/c	931
	To Bombay Motor Co A/c	456	31-12-05	By Profit & Loss A/c	456

Dr

Assets A/c (Motor Car A/c) Cr

date	particulars	Amount	date	particulars	Amount	date
1-1-03	To Bank A/c	10,000	31-12-03	By Depreciation A/c	3725	1-1-03
31-12-03	To Bombay Motor Co A/c	8637	31-12-03	By Balance c/d	14912	
		18637			18637	
1-1-04	To Balance b/d	14912	31-12-04	By Depreciation A/c	3353	1-1-03
31-12-04	To Bombay Motor Co A/c	9069	31-12-04	By Balance c/d	20628	
		23981			23981	
1-1-05	To Balance b/d	20628	31-12-05	By Dep A/c	3017	
31-12-04	To Bombay Motor Co A/c	9544	31-12-05	By Balance c/d	27155	31-12-03
		30172			30172	
1-1-06	To Balance b/d	27155				

Dr

Depreciation A/c

Cr

31-12-03	To Motor Car A/c	3725	31-12-03	By Profit & Loss A/c	3725	31-12-03
31-12-04	To Motor Car A/c	3353	31-12-04	By Profit & Loss A/c	3353	
31-12-05	To Motor Car A/c	3017	31-12-05	By Profit & Loss A/c	3017	
						31-12-04

Journal Entries In The Books of Bombay Motor Co.

Date	Particulars	LF	Debit Amount	Credit Amount
1-1-03	Madras Transport ~~Motor~~ Co A/c ... Dr To Sales A/c (Being Goods Sold To Madras Transport Co on Hire purchase System)		37,250	37,250
1-1-03	Bank A/c ..... Dr To Madras Transport Co A/c (Being down payment is Received From The Hire Vendi)		10,000	10,000
31-12-03	Madras Transport Co A/c ... Dr To Interest A/c (Being Interest In First year Installment is due from Hire Vendi)		1363	1363
31-12-03	Bank A/c ..... Dr To Madras Transport Co A/c (Being First Installment is Received from Hire Vendi)		~~1363~~ 10,000	~~1363~~ 10,000
31-12-03	Interest A/c ..... Dr To profit & Loss A/c (Being The Balance In Interest A/c is closed Transfering To profit & Loss A/c at the End of the year)		1363	1363
31-12-04	Madrans Transport Co A/c ... Dr To Interest A/c (Being Interest on Second Installment is due From Hire Vendi)		931	931

31-12-05	Bank A/c ------ Dr To Madras Transport Co A/c (Being Second Installment is Received from Hire Vendi)	10,000	10,000
31-12-04	Interest A/c ---- Dr To profit & loss A/c (Being The Balance In Interest A/c is closed Transfering To profit & loss A/c At the end of the year)	931	931
31-12-05	Madras Transport Co A/c.. Dr To Interest A/c (Being The Interest On Final Installment is due from Hire Vendi)	456	456
31-12-05	Bank A/c ----- Dr To Madras Transport Co A/c (Being The Final Installment is Received from Hire Vendi)	10,000	10,000
31-12-05	Interest A/c ---- Dr To profit & loss A/c (Being The Balance In Interest A/c is closed Transfering To profit & loss A/c At the end of the year)	456	456

Dr

Date
1-1-03
31-12-03
1-1-04
31-12-04
1-1-04
31-12-04

Dr

31-12-03
31-12-04
31-12-05

LEDGER Of Bombay Motor Co

Madras Transport Co A/c

Date	particulars	Amount	date	particulars	Amount
1-1-03	To Sales A/c	37,250	1-1-03	By Bank A/c	10,000
31-12-03	To Interest A/c	1363	31-12-03	By Bank A/c	10,000
			31-12-03	By Balance c/d	18613
		38613			38613
1-1-04	To Balance b/d	18613	31-12-04	By Bank A/c	10,000
31-12-04	To Interest A/c	931	31-12-04	By Balance c/d	9544
		19544			19544
1-1-05	To Balance b/d	9544	31-12-05	By Bank A/c	10,000
31-12-05	To Interest A/c	456			
		10,000			10,000

Interest A/c

31-12-03	To Profit & Loss A/c	1363	31-12-03	By Madras Transport Co A/c	1363
31-12-04	To P & L A/c	931	31-12-04	By Madras Transport Co A/c	931
31-12-05	To profit & Loss A/c	456	31-12-05	By Madras Trans port Co A/c	456

Working Notes

Date or Number of Installment	Opening Principal Amount	Interest in Installment	Principal in Installment	Installment Amount	Closing Principal Amount	Opening Value of Asset	Depreciation	Closing Value of Asset
1-1-2000	15000	-	2000	2000	13000	15000	-	15000
31-12-2000	13000	650	2350	3000	10650	15000	1500	13500
31-12-01	10650	533	2467	3000	8183	13500	1350	12150
31-12-02	8183	409	2591	3000	5592	12150	1215	10935
31-12-03	5592	280	2720	3000	2872	10935	1094	9841
31-12-04	2872	128	2872	3000	-	9841	984	8857

DY

date

31-12-0

31-12-01

31-12-02

31-12-03

31-12-04

DY

31-12-00

31-12-01

31-12-02

31-12-03

31-12-04

Ledger of Messrs XYZ & Co

Auto Car Ltd A/c

Date	Particulars	Amount	Date	Particulars	Amount
	To Bank A/c	3000	31-12-00	By Motor Van A/c	2350
			31-12-00	By Interest A/c	650
		3000			3000
	To Bank A/c	3000	31-12-01	By Motor Van A/c	2467
			31-12-01	By Interest A/c	533
		3000			3000
	To Bank A/c	3000	31-12-02	By Motor Van A/c	2591
			31-12-02	By Interest A/c	409
		3000			3000
	To Bank A/c	3000	31-12-03	By Motor Van A/c	2720
			31-12-03	By Interest A/c	280
		3000			3000
	To Bank A/c	3000	31-12-04	By Motor Van A/c	2872
			31-12-04	By Interest A/c	128
		3000			3000

Interest A/c

	To Auto Car Ltd A/c	650	31-12-00	By profit & Loss A/c	650
	To Auto Car Ltd A/c	533	31-12-01	By profit & Loss A/c	533
	To Auto Car Ltd A/c	409	31-12-02	By profit & Loss A/c	409
	To Auto Car Ltd A/c	280	31-12-03	By profit & Loss A/c	280
	To Auto Car Ltd A/c	128	31-12-04	By profit & Loss A/c	128

Dr

Motor Van A/c

Cr

date	particulars	Amount	date	particulars	Amount
1-1-2000	To Bank A/c	2000	31-12-00	By Dep A/c	1500
31-12-2000	To Auto Car Ltd A/c	2350	31-12-2000	By Balance c/d	2850
		4350			4350
1-1-01	To Balance b/d	2850	31-12-01	By Dep A/c	1350
31-12-01	To Auto Car Ltd A/c	2467	31-12-01	By Balance c/d	3967
		5317			5317
1-1-02	To Balance b/d	3967	31-12-02	By Dep A/c	1215
31-12-02	To Auto Car Ltd A/c	2591	31-12-02	By Balance c/d	5343
		6558			6558
1-1-03	To Bal b/d	5343	31-12-03	By Dep A/c	1094
31-12-03	To Auto Car Ltd A/c	2720	31-12-03	By Balance c/d	6969
		8063			8063
1-1-04	To Bal b/d	6969	31-12-04	By Dep A/c	984
31-12-04	To Auto Car Ltd A/c	2872	31-12-04	By Balance c/d	8857
		9841			9841
1-1-05	To Bal b/d	8857			

Dr

Depreciation A/c

Cr

31-12-00	To Motor Van A/c	1500	31-12-00	By profit & loss A/c	1500
31-12-01	To Motor Van A/c	1350	31-12-01	By profit & loss A/c	1350
31-12-02	To Motor Van A/c	1215	31-12-02	By profit & loss A/c	1215
31-12-03	To Motor Van A/c	1094	31-12-03	By profit & loss A/c	1094
31-12-04	To Motor Van A/c	984	31-12-04	By profit & loss A/c	984

3/B-22

Date or Number of Installment	
1-1-05	
31-12-05	
31-12-06	
31-12-07	

31-3-22

Working Notes

Date of Installment	opening principal Amount	Interest in Installment	principal in Installment	Installment Amount	closing principal Amount	opening Value of Asset	Depreciation	closing Value of Asset
1-4-05	56000	-	15000	15000	41000	56000	-	56000
31-3-06	41000	2050	12950	15000	28050	56000	11200	44800
31-3-07	28050	1403	13597	15000	14453	44800	8960	35840
31-3-08	14453	547	14453	15000	—	35840	7168	28672

Ledger of Motor Company

Hire Vendors A/c

Dr | Cr

Date	Particulars	Amount	Date	Particulars	Amount	Date
31-12-05	To Bank A/c	15000	31-12-05	By Trucks A/c	12950	1-1-05
			31-12-05	By Interest A/c	2050	31-12-05
		15000			15000	
31-12-06	To Bank A/c	15000	31-12-06	By Trucks A/c	13597	
			31-12-06	By Interest A/c	1403	1-1-06
		15000			15000	31-12-06
31-12-07	To Bank A/c	15000	31-12-07	By Trucks A/c	14453	
			31-12-07	By Interest A/c	547	1-1-07
		15000			15000	31-12-07
						1-1-08

Interest A/c

Dr | Cr

31-12-05	By ~~Interest~~ Hire Vendors A/c	2050	31-12-05	By Profit & Loss A/c	2050	31-12-05
31-12-06	By Hire Vendors A/c	1403	31-12-06	By Profit & Loss A/c	1403	31-12-06
31-12-07	By Hire Vendors A/c	547	31-12-07	By Profit & Loss A/c	547	31-12-07

Trucks A/c

Particulars	Amount	Date	Particulars	Amount
To Bank A/c	15000	31-12-05	By Dep A/c	11200
To Hire Vendars A/c	12950	31-12-05	By Balance c/d	16750
	27950			27950
To Balance b/d	16750	31-12-06	By Dep A/c	8960
To Hire Vendars A/c	13597	31-12-06	By Balance c/d	21387
	30347			30347
To Balance b/d	21387	31-12-07	By Dep A/c	7168
To Hire Vendars A/c	14453	31-12-07	By Balance c/d	28672
	35840			35840
To Balance b/d	28672			

Depreciation A/c

Particulars	Amount	Date	Particulars	Amount
By Trucks A/c	11200	31-12-05	By profit & loss A/c	11200
By Trucks A/c	8960	31-12-06	By profit & loss A/c	8960
By Trucks A/c	7168	31-12-07	By profit & loss A/c	7168

Ledger of Hire Vendor

Dr — Motor Company's A/c — Cr

Date	Particulars	Amount	Date	Particulars	Amount
1-1-05	To Sales A/c	56000	31-12-05	By Bank A/c	15000
31-12-05	To Interest A/c	2050	31-12-05	By Bank A/c (2nd installment)	15000
			31-12-05	By Balance c/d	28050
		58050			58050
1-1-06	To Balance b/d	28050	31-12-06	By Bank A/c (3rd installment)	15000
31-12-06	To Interest A/c	1403	31-12-06	By Balance c/d	14453
		29453			29453
1-1-07	To Balance b/d	14453	31-12-07	By Bank A/c	15000
31-12-07	To Interest A/c	547			
		15000			15000

Dr — Interest A/c — Cr

Date	Particulars	Amount	Date	Particulars	Amount
31-12-05	To profit & loss A/c	2050	31-12-05	By ~~Interest~~ Motor Company A/c	2050
31-12-06	To profit & loss A/c	1403	31-12-06	By Motor Company A/c	1403
31-12-07	To profit & loss A/c	547	31-12-07	By Motor Company A/c	547

S/B

Date or Number of Installment
1-7-2005
31-12-05
30-6-01
31-12-01
30-6-02

Q.6-22 Working Notes

	opening Principal Amount	Interest in Installment	principal in Installment	Installment Amount	closing principal Amount	opening Value of Asset	Dep	closing Value of Asset
	14600	—	11400	11400	3200	14600	—	14600
	3200	880	800	880	2400	—	—	—
	2400	60	800	860	1600	14600	1460	13140
	1600	40	800	840	800	—	—	—
	800	20	800	820	—	13140	1314	11826

Ledger of Babu

Hire Vendor's A/c

Dr | Cr

date	particulars	Amount	date	particulars	Amount
31-12-00	To Bank A/c	880	31-12-00	By Machinery A/c	800
30-6-01	To Bank A/c	860	31-12-00	By Interest A/c	80
			30-6-01	By Machinery A/c	800
30-6-01	To Bank A/c		30-6-01	By Interest A/c	60
		1740			1740
31-12-01	To Bank A/c	840	31-12-01	By Machinery A/c	800
30-6-02	To Bank A/c	820	31-12-01	By Interest A/c	40
			30-6-02	By Machinery A/c	800
			30-6-02	By Interest A/c	20
		1660			1660

Interest A/c

Dr | Cr

date	particulars	Amount	date	particulars	Amount
31-12-00	To Hire vendors A/c	80	30-6-01	By Profit & Loss A/c	140
30-6-01	To Hire Vendor A/c	60			
		140			140
31-12-01	To Hire Vendor's A/c	40	30-6-02	By Profit & Loss A/c	60
30-6-02	To Hire vendor's A/c	20			
		60			60

Machinery A/c

Particulars	Amount	Date	Particulars	Amount
To Bank A/c (Down payment)	11400	30-6-01	By Dep A/c	1460
To Bank A/c Hire Vendors A/c	800	30-6-01	By Balance c/d	11540
To Hire Vendors A/c	800			
	13000			13000
To Balance b/d	11540	30-6-02	By Dep A/c	1314
To Hire Vendors A/c	800	30-6-02	By Balance c/d	11826
To Hire Vendors A/c	800			
	13140			13140
To Balance b/d	11826			

Depreciations A/c

Particulars	Amount	Date	Particulars	Amount
To Machinery A/c	1460	30-6-01	By profit & loss A/c	1460
To Machinery A/c	1314	30-6-02	By profit & loss A/c	1314

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Working Notes

date or Number of Installment	opening principal Amount	Interest in Installment	principal in Installment	Installment Amount	closing principal Amount	opening value of Asset	Depreciation	closing value of Asset
1-1-2000	27300	-	6000	6000	21300	27,300	-	27,300
31-12-00	21300	1065	4935	6000	16365	27300	2730	24570
31-12-01	16365	818	5182	6000	11,183	24570	2457	22113
31-12-02	11,183	559	5441	6000	5742	22113	2211	19902
31-12-03	5742	258	5742	6000	-	19902	1990	17912
-	-	-	-	-	-	-	-	-

DV

Date

31-12-2000

31-12-01

31-12-02

31-12-03

DV

31-12-00

31-12-01

31-12-02

31-12-03

LEDGER OF A Company

Hire Vendors A/c

Date	Particulars	Amount	Date	Particulars	Amount
	To Bank A/c	6000	31-12-00	By printing press A/c	4935
			31-12-00	By Interest A/c	1065
		6000			6000
	To Bank A/c	6000	31-12-01	By printing press A/c	5182
			31-12-01	By Interest A/c	818
		6000			6000
	To Bank A/c	6000	31-12-02	By printing press A/c	5441
			31-12-02	By Interest A/c	559
		6000			6000
	To Bank A/c	6000	31-12-03	By printing press A/c	5742
			31-12-03	By Interest A/c	258
		6000			6000

Interest A/c

Date	Particulars	Amount	Date	Particulars	Amount
	To Hire Vendors A/c	1065	31-12-00	By Profit & Loss A/c	1065
	To Hire Vendors A/c	818	31-12-01	By Profit & Loss A/c	818
	To Hire Vendors A/c	559	31-12-02	By Profit & Loss A/c	559
	To Hire Vendors A/c	258	31-12-03	By Profit & Loss A/c	258

DV

Printing press A/c

Date	particulars	Amount	date	particulars	Amount	b/B - date or Number of Installment
1-1-2000	To Bank A/c (Down payment)	6000	31-12-00	By Depreciation A/c	2730	
			31-12-00	By Balance c/d	8205	
31-12-2000	To Hire Vendor A/c	~~6000~~ 4935				
		10935			10935	1-1-00
1-1-01	To Balance b/d	8205	31-12-01	By Depreciation A/c	2457	
31-12-01	To Hire Vendor A/c	5182	31-12-01	By Balance c/d	10930	31-12-01
		13387			13387	31-12-02
1-1-02	To Balance b/d	10930	31-12-02	By Depreciation A/c	2211	
31-12-02	To Hire Vendor A/c	5441	31-12-02	By Balance c/d	14160	31-12-03
		16371			16371	
1-1-03	To Balance b/d	14160	31-12-03	By Depreciation A/c	1990	31-12-04
31-12-03	To Hire Vendors A/c	5742	31-12-03	By Balance c/d	17912	
		19902			19902	31-12-05

DV

Depreciation A/c

31-12-00	To printing press A/c	~~8205~~ 2730	31-12-00	By profit & loss A/c	2730
31-12-01	To printing press A/c	2457	31-12-01	By profit & loss A/c	2457
31-12-02	To printing press A/c	2211	31-12-02	By profit & loss A/c	2211
31-12-03	To printing press A/c	1990	31-12-03	By profit & loss A/c	1990

Ledger Of Usha company

Hire Vendors A/c

date	particulars	Amount	date	particulars	Amount	date
31-12-00	To Bank A/c	4800	31-12-00	By Machinery A/c	4000	1-1-2000
			31-12-00	By Interest A/c	800	31-12-00
		4800			4800	
31-12-01	To Bank A/c	4640	31-12-01	By Machinery A/c	4000	1-1-01
			31-12-01	By Interest A/c	640	31-12-01
		4640			4640	
31-12-02	To Bank A/c	4480	31-12-02	By Machinery A/c	4000	1-1-02
			31-12-02	By Interest A/c	480	31-12-02
		4480			4480	
31-12-03	To Bank A/c	4320	31-12-03	By Machinery A/c	4000	1-1-03
			31-12-03	By Interest A/c	320	31-12-03
		4320			4320	
31-12-04	To Bank A/c	4160	31-12-04	By Machinery A/c	4000	1-1-04
			31-12-04	By Interest A/c	160	31-12-04
		4160			4160	

Interest A/c

date	particulars	Amount	date	particulars	Amount	date
31-12-00	By Hire vendors A/c	800	31-12-00	By profit & loss A/c	800	31-12-00
31-12-01	By Hire vendors A/c	640	31-12-01	By profit & loss A/c	640	31-12-01
31-12-02	By Hire vendors A/c	480	31-12-02	By profit & loss A/c	480	31-12-02
31-12-03	By Hire vendors A/c	320	31-12-03	By P & L A/c	320	31-12-03
31-12-04	By Hire vendors A/c	160	31-12-04	By P & L A/c	160	31-12-04

Machinery A/c

Particulars	Amount	Date	Particulars	Amount
To Bank A/c	5000	31-12-00	By Dep A/c	2500
To Hire Vendor A/c	4000	31-12-00	By Balance c/d	6500
	9000			9000
To Balance b/d	6500	31-12-01	By Dep A/c	2500
To Hire Vendor A/c	4000	31-12-01	By Balance c/d	8000
	10500			10500
To Balance b/d	8000	31-12-02	By Dep A/c	2500
To Hire Vendor A/c	4000	31-12-02	By Balance c/d	9500
	12000			12000
To Balance b/d	9500	31-12-03	By Dep A/c	2500
To Hire Vendor A/c	4000	31-12-03	By Balance c/d	11000
	13500			13500
To Balance b/d	11000	31-12-04	By Dep A/c	2500
To Hire Vendor A/c	4000	31-12-04	By Balance c/d	12500
	15000			15000

Depreciation A/c

Particulars	Amount	Date	Particulars	Amount
By Machinery A/c	2500	31-12-00	By P&L A/c	2500
By Machinery A/c	2500	31-12-01	By P&L A/c	2500
By Machinery A/c	2500	31-12-02	By P&L A/c	2500
By Machinery A/c	2500	31-12-03	By P&L A/c	2500
By Machinery A/c	2500	31-12-04	By P&L A/c	2500

Working Table

Date or Number of Instalment	opening principal Amount	Interest on Instalment	principal in Instalment	Instalment Amount	closing principal Amount	opening value of Asset	Depreciation	closing value of Asset
1-1-04	20,000	–	8000	8000	12000	20,000	–	20,000
31-12-04	12000	720	4000	4720	8000	20,000	2000	18000
31-12-05	8000	480	4000	4480	4000	18000	2000	16000
31-12-06	4000	240	4000	4240	–	16000	2000	14000

DV

Date

31-12-04

31-12-06

31-12-06

DV

31-12-04

31-12-05

31-12-06

Ledger of M/s Friends & Co

Dr — Hire Vendors A/c — Cr

Date	Particulars	Amount	Date	Particulars	Amount
31-12-04	To Bank A/c	4720	31-12-04	By Machinery A/c	4000
			31-12-04	By Interest A/c	720
		4720			4720
			31-12-05	By Machinery A/c	4000
31-12-05	To Bank A/c	4480	31-12-05	By Interest A/c	480
		4480			4480
			31-12-06	By Machinery A/c	4000
31-12-06	To Bank A/c	4240	31-12-06	By Interest A/c	240
		4240			4240

Closing Value of Asset
20,000
18000
16000
14000

Dr — Interest A/c — Cr

Date	Particulars	Amount	Date	Particulars	Amount
31-12-04	To Hire Vendors A/c	720	31-12-04	By Profit & Loss A/c	720
31-12-05	To Hire Vendors A/c	480	31-12-05	By Profit & Loss A/c	480
31-12-06	To Hire Vendors A/c	240	31-12-06	By Profit & Loss A/c	240

DV

Machinery A/c

CR

date	particulars	Amount	date	particulars	Amount
1-1-2004	To Bank A/c	8000	31-12-04	By Dep A/c	2000
31-12-04	To Hire Vendor's A/c	4000	31-12-04	By Balance c/d	10,000
		12000			12000
1-1-05	To Balance b/d	10000	31-12-05	By Dep A/c	2000
31-12-05	To Hire Vendor's A/c	4000	31-12-05	By Balance c/d	12000
		14000			14000
1-1-06	To Balance b/d	12000	31-12-06	By Dep A/c	2000
31-12-06	To Hire Vendor's A/c	4000	31-12-06	By Balance c/d	14000
		16000			16000
1-1-07	To Balance b/d	14000			

S/B-

date or Number of Installment
30-6-04
30-9-04
31-12-04
31-03-05
30-6-05
30-9-05
31-12-05
31-3-06

DV

Depreciation A/c

CR

31-12-04	To Machinery A/c	2000	31-12-04	By P&L A/c	2000
31-12-05	To Machinery A/c	2000	31-12-05	By profit & loss A/c	2000
31-12-06	To Machinery A/c	2000	31-12-06	By profit & loss A/c	2000

Amount
2000
10,000
12000
2000
12000
14000
2000
14000
16000

2000
2000
2000

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Working Table

Date or number of Installment	Opening principal Amount	Interest in Installment	Principal in Installment	Installment Amount	Closing principal Amount	Opening Value of Asset	Dep	Closing Value of Asset
30-6-04	25000	313	2987	3,300	22,013	25000	-	25000
30-9-04	22,013	275	3025	3,300	18988	—	—	—
31-12-04	18988	237	3063	3,300	15925	—	—	—
31-03-05	15925	199	3101	3,300	12824	22500	2500	22500
30-6-05	12824	160	3140	3,300	9684	—	—	—
30-9-05	9684	121	3179	3,300	6505	—	—	—
31-12-05	6505	81	3219	3,300	3286	—	—	—
31-3-06	3286	14	3286	3,300	—	22500	2250	20250
—	—	—	—	—	—	—	—	—

Ledger of Madras Transport company

Hire Vendors A/c

Dr date	particulars	Amount	date	particulars	Amount	Dr date
30-6-04	To Bank A/c	3,300	30-6-04	By Motor vehicle A/c	2987	30-6-04
30-9-04	To Bank A/c	3,300	30-6-04	By Interest A/c	313	30-9-04
31-12-04	To Bank A/c	3,300	30-9-04	By Motor vehicle	3025	30-12-04
31-3-05	To Bank A/c	3,300	30-9-04	By Interest A/c	275	31-3-05
			30-12-04	By Motor vehicle A/c	3063	
			30-12-04	By Interest A/c	237	4-05
			31-3-05	By Motor vehicles A/c	3101	30-6-05
			31-3-05	By Interest A/c	199	30-9-05
		13200			13,200	31-12-05
30-6-05	To Bank A/c	3,300	30-6-05	By Motor vehicles	3140	31-3-06
30-9-05	To Bank A/c	3,300	30-6-05	By Interest A/c	160	
30-12-05	To Bank A/c	3,300	30-9-05	By Motor vehicles	3179	4-06
31-3-06	To Bank A/c	3,300	30-9-05	By Interest A/c	121	
			31-12-05	By Motor vehicles	3219	
			31-12-05	By Interest A/c	81	
			31-3-06	By Motor vehicle	3286	
			31-3-06	By Interest A/c	14	
		13200			13200	

Interest A/c

Dr					Cr	Dr
30-6-04	To Hire vendor A/c	313	31-3-05	By profit & loss A/c	1024	31-3-05
30-9-04	To Hire vendor A/c	275				31-3-06
30-12-04	To Hire vendor A/c	237				
31-03-05	To Hire vendor A/c	199				
		1024			1024	
30-6-05	To Hire Vendor A/c	160	31-3-06	By profit & loss A/c	376	
30-9-05	To Hire vendor A/c	121				
31-12-05	To Hire Vendor A/c	81				
31-3-05	To Hire vendor A/c	14				
		376			376	

Company

DV

Motor Vehicles A/c

Amount	Date	Particulars	Amount	Date	Particulars	Amount
2987	30-6-04	To Hire Vendors A/c	2987	31-3-05	By Depreciation A/c	2500
313	30-9-04	To Hire Vendors A/c	3025	31-3-05	By Balance c/d	9676
3025	30-12-04	To Hire Vendors A/c	3063			
275	31-3-05	To Hire Vendors A/c	3101			
3063			12176			12176
237	1-4-05	To Balance b/d	9676	31-3-06	By Depreciation A/c	2250
3101	30-6-05	To Hire Vendors A/c	3140	31-3-06	By Balance c/d	20250
199	30-9-05	To Hire Vendors A/c	3179			
13,200	31-12-05	To Hire Vendors A/c	3219			
3140	31-3-06	To Hire Vendors A/c	3286			
160			22500			22500
3179	1-4-06	To Balance b/d	20250			
121						
3219						
81						
3286						
14						
13200						

DV

Depreciation A/c

1024	31-3-05	To Motor Vehicles A/c	2500	31-3-05	By profit & Loss A/c	2500
	31-3-06	To Motor Vehicles A/c	2250	31-3-06	By profit & Loss A/c	2250
1024						
376						
376						

Method II Installment Defaulted

Journal Entries In The Books Of Hire Vendi.

Date	Particulars	L/F	Debit Amount	Credit Amount
(1) In the year of Default	When Hire purchase Agreement is Signed:-			
	Asset A/c ..... Dr		xx	
	To Hire Vendor's A/c			xx
	(Note :- This Entry is passed with Cash price of Asset)			
(2)	When down payment is Made:-			
	Hire Vendor's A/c ... Dr		xxx	
	To Bank A/c			xxx
(3)	When Interest in first Installment is due to the Hire Vendor:-			
	Interest A/c ..... Dr		xxx	
	To Hire Vendor's A/c			xxx
(4)	When First Installment is paid to the Hire Vendor:-			
	Hire Vendor's A/c ..... Dr		xxx	
	To Bank A/c			xxx
(5)	When Annual Depreciation is charged on Asset:-			
	Depreciation A/c ... Dr		xxx	
	To Asset A/c			xxx
(6)	When Balance in Interest A/c & Depreciation A/c is Transfered to profit & Loss A/c At the End of the Year:-			
	Profit & Loss A/c ... Dr		xxx	
	To Interest A/c			xxx
	To Depreciation A/c			xxx

(7) In the year of Default

(8)

(9)

(10)

(11)

Note :

(12)

(7) When Interest in Instalment is due To Hire Vendor :-			
In the year of Default	Interest A/c ..... Dr	xxx	
	To Hire Vendor's A/c		xxx
(8) When Asset is Depreciated :-			
	Depreciation A/c ..... Dr	xxx	
	To Asset A/c		xxx
(9) When Asset is Taken Back By the Hire Vendor On Default of Instalment :-			
	Hire Vendor's A/c ..... Dr (With Amount due To Hire Vendor)	xxx	
	To Asset A/c		xxx
(10) When the Balance Still Available in Asset A/c After the Hire Vendor has Taken it Treated as Loss on Default & the Asset A/c is closed :-			
	Loss on Default A/c ..... Dr	xxx	
	To Asset A/c		xxx
(11) When the Balance In Interest A/c, Depreciation A/c, Loss on Default A/c Transferred To Profit & Loss A/c At the End of the Year :-			
	Profit & Loss A/c ..... Dr	xxx	
	To Interest A/c		xxx
	To Depreciation A/c		xxx
	To Loss on Default A/c		xxx

Note :- ① Entries No-3, 4 Above are repeated on the date of each Instalment
② Entries No-5, 6 Above are repeated at the End of each Normal Year

Journal Entries In the Books of Hire Vendor

date	particulars	L/F	Debit Amount	Credit Amount
(1)	When Hire purchase Agreement is Signed by Hire Vendi :-			
	Hire Vendi's A/c ---- Dr		xxx	
	To Sales A/c			xxx
	(With Cash price)			
(2)	When down payment is Received from the Hire Vendi			
	Bank A/c ---- Dr		xxx	
	To Hire Vendii A/c			xxx
(3)	When Interest In First Installment is due from the Hire Vendi :-			
	Hire Vendii A/c ---- Dr		xxx	
	To Interest A/c			xxx
(4)	When Installment is Received from the Hire Vendi :-			
	Bank A/c ---- Dr		xxx	
	To Hire Vendii A/c			xxx
(5)	When the Balance in Interest A/c is Transfered To Profit & Loss A/c at the End Of the Year :-			
	Interest A/c ---- Dr		xxx	
	To Profit & Loss A/c			xxx
In the Year Of Default	When Interest In Installment is due from the Hire Vendi :-			
	Hire Vendii A/c ---- Dr		xxx	
	To Interest A/c			xxx

(4) When Asset is Taken Back from the Hire Vendi on Default of Instalment :-

Sales Returns A/c ---Dr		xxx	
To Hire Vendi A/c			xxx
(For the Amount due from Him or Or an Agreed Amount)			

(5) When the Goods Taken Back from the Hire Vendi was Repaired being Reparing & Reconditioning Expenses :-

Sales Return A/c ---Dr		xxx	
To Bank A/c			xxx

(6) When the Asset Taken Back from the Hire Vendi is Sold Off :-

Bank A/c ---- Dr		xxx	
To Sales Returns A/c			xxx
(with Selling Price)			

(7) When Excess Credit in Sales Returns A/c is Transfered To Profit on Resale A/c :-

Sales Return A/c --- Dr		xxx	
To profit on Resale A/c			xxx

(8) When the Balance in Interest A/c & Profit on Resale A/c Transfered To Profit & Loss A/c At the End of the Year)

Interest A/c ---- Dr		xxx	
profit on Resale A/c ---Dr		xxx	
To Profit & Loss A/c			xxx

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Working Table

date or Number of Installment	opening Principal Amount	Interest for Installment	principal in Installment	Installment Amount	closing principal Amount	opening value of Asset	Dep	closing value of Asset
downpay	60,000 ~~15000~~	—	15000	15000	45000	60,000	-	60,000
1st	45000	4,500	13500	18000	31500	60,000	6000	54000
IInd	31500	3,150	14,850	18000	16650	54000	5400	48600

Journal Entries in the Books of Sastri

date	Particulars	L/F	Debit Amount	Credit Amount
1st Year	Asset A/c ------ Dr		60,000	
	To Hire Vendor's A/c			60,000
	(Being Hire purchase Agreement Signed on purchasing the Asset			
	Hire Vendor's A/c --- Dr		15000	
	To Bank A/c			15000
	(Being Down payment Made to Hire Vendor)			
	Interest A/c ------ Dr		4500	
	To Hire Vendor's A/c			4500
	(Being Interest In First Installment is due To the Hire Vendor)			

IInd Year

	Hire Vendors A/c ---Dr		18000	
	To Bank A/c			18000
	(Being First Installment is payed To the Hire Vendor)			
	Depreciation A/c ---Dr		6000	
	To Asset A/c			6000
	(Being Asset is Depreciated on 10% p.A in Deminishing Balances Method)			
	Profit & Loss A/c ----Dr		10,500	
	To Interest A/c			4500
	To Depreciation A/c			6000
	(Being The Balance In Interest A/c & Depreciation A/c is Transfered To Profit & Loss A/c at the End of the Year)			
2nd Year	Interest A/c ---- Dr		3150	
	To Hire Vendors A/c			3150
	(Being Interest In Second Installment is due To Hire Vendor)			
	Depreciation A/c ---Dr		5400	
	To Asset A/c			5400
	(Being Asset is Depreciated on 10% p.A in Diminishing Balances Method)			
	Hire vendors A/c ---Dr		34650	
	To Asset A/c			34650
	(Being Goods Taken by the Hire Vendors on Default of second Installment for the Amount due To him 31500 + Interest 3150 = 34650)			

6	Loss on Default A/c ..... Dr To Asset A/c (Being the final Balance in Asset A/c 48600 - 34650 = 13950 Transfered To Loss on Default A/c)		13950	13950
	Profit & Loss A/c ..... Dr To Interest A/c To Depreciation A/c To Loss on Default A/c (Being the Balance in Interest A/c Depreciation A/c Loss on Default A/c Transfered To P&L A/c At the end of the year)		22500	3150 5400 13950

LEDGER Of Sastri

Dr — Hire Vendors A/c — Cr

date	particulars	Amount	date	particulars	Amount
1st year	To Bank A/c (down payment)	15000	1st year	By Asset A/c	60,000
1st year	To Bank A/c (1st Installment)	18000	1st year	By Interest A/c	4500
1st year	To Balance c/d	31500			
		64500			64500
2nd year	To Asset A/c	34650	2nd year	By Balance b/d	31500
			2nd year	By Interest A/c	3150
		34650			34650

Asset A/c

Date	Particulars	Amount	Date	Particulars	Amount
	To Hire Vendors A/c	60,000	1st year	By Depreciation A/c	6000
			1st year	By Balance c/d	54000
		60,000			60,000
2nd year	To Balance b/d	54000	II nd year	By Depreciation A/c	5400
			II nd year	By Balance c/d	48600
		54000			54000
			II nd year	By Hire Vendors A/c	34650
			II nd year	By Loss on default (Balancing figure)	13950
		54000			54000

Interest A/c

Date	Particulars	Amount	Date	Particulars	Amount
	To Hire Vendors A/c	4500	1st year	By profit & loss A/c	4500
	To Hire Vendors A/c	3150	II nd year	By profit & loss A/c	3150

Depreciation A/c

Date	Particulars	Amount	Date	Particulars	Amount
	To Asset A/c	6000	1st year	By profit & loss A/c	6000
	To Asset A/c	5400	II nd year	By profit & loss A/c	5400

DV

Loss on Default A/c

date	particulars	Amount	Date	particulars	Amount
1st year	To Asset A/c	13950	2nd year	By Profit & Loss A/c	13950

Journal Entries In The Books Of Hire Vendor

date	particulars	LF	Debit Amount	Credit Amount
1st year	Sastri A/c ---------- DV		60,000	
	To Sales A/c			60,000
	(Being the Hire purchase Agreement is Signed by Hire Vendi)			
	Bank A/c ---------- DV		15000	
	To Sastri A/c			15000
	(Being Down payment is Received by Hire Vendi)			
	Sastri A/c ---------- DV		4500	
	To Interest A/c			4500
	(Being Interest In First installment is due from Hire Vendi)			
	Bank A/c ---------- DV		18000	
	To Sastri A/c			18000
	(Being First Installment is Received from the Hire Vendi)			

Interest A/c ..... Dr		4500	
To profit & Loss A/c			4500
(Being the Balance in Interest A/c Transfer to Profit & Loss A/c At the end of the year)			
Sastri A/c ..... Dr		3150	
To Interest A/c			3150
(Being Interest on Second Installment is due from Hire Vendi)			
Sales Returns A/c ..... Dr		34650	
To Sastri A/c			34650
(Being Goods Taken back from the Hire Vendi on default of Installment)			
Sales Returns A/c ..... Dr		1,500	
To Bank A/c			1,500
(Being Repairing Expenses on Goods Taken Back Paid)			
Bank A/c ..... Dr		38000	
To ~~Resale~~ Sales Return A/c			38000
(Being the Goods Taken Back from Hire Vendi are Resold)			
Sales Returns A/c ..... Dr		1850	
To profit on Resale A/c			1850
(Being profit on Resale Transferred To Profit on Resale A/c Account)			
Interest A/c ..... Dr		3150	
Profit on Resale A/c ..... Dr		1850	
To profit & Loss A/c			5000
(Being the Balances in Interest A/c & Profit on Resale A/c is transferred to P&L A/c at the end of year)			

Ledger of Hire Vendor

Dr

Sastii A/c

Cr

date	particulars	Amount	date	particulars	Amount
1st year	To Sales A/c	60,000	1st year	By Bank A/c	15000
1st year	To Interest A/c	4500	1st year	By Bank A/c	18000
			1st year	By Balance c/d	31500
		64500			64500
2nd year	To Balance b/d	31500	2nd year	By Sales Return A/c	34650
2nd year	To Interest A/c	3150			
		34650			34650

Dr

Interest A/c

Cr

1st year	To profit & loss A/c	4500	1st year	By Sastii A/c	4500
1st year	To profit & loss A/c	3150	2nd year	By Sastii A/c	3150

Dr

Profit ~~loss~~ on Resale A/c

Cr

2nd year	To profit & loss A/c	1850	2nd year	By Sales Return A/c	1850

Sales Returns A/c

Date	Particulars	Amount	Date	Particulars	Amount
	To Sarthi A/c	34650	II nd Year	By Bank A/c	38000
	To Bank A/c	1500			
	To profit on Resale A/c	1850			
		38000			38000

Working Table

Date of Purchase & Cost	Opening principal Amount	Interest in Instalment	principal in Instalment	Instalment Amount	closing principal Amount	opening Value of Asset	DEP	closing Value of Asset
	150000	–	50,000	50,000 / 50000	100000	1,50000	–	1,50,000
	100000	10,000	25000	35000 / 25,000	75000	1,50,000	30,000	120,000
	75000	7500	25000	32500 / 25,000	50,000	120000	24000	96000
	50,000	5000	25000	30,000 / 25,000	25000	96000	19200	76800
	25000	2500	29 25000	27500 / 25000	–	76800	15360	61440

LEDGER Of Ram

Kishen's A/c

Dr Date	Particulars	Amount	Cr Date	Particulars	Amount
1st year	To Bank A/c	25000	1st year	By Lorry's A/c	25000
	To Bank A/c	50,000	1st year	By Interest A/c	15,0000
		35000	2nd year	By Balance c/d	10,000
			2nd year	By Lorry's A/c	65000
			3rd year	By Interest A/c	35000
					160000

Interest A/c

Dr Date	Particulars	Amount	Cr Date	Particulars	Amount
1st year	To Kishen's A/c	10,000	1st year	By profit & loss A/c	10,000
2nd year	To Kishen's A/c	7500	2nd year	By profit & loss A/c	7500
3rd year	To Kishen's A/c	5000	3rd year	By P&L A/c	5000
4th year	To Kishen's A/c	2500	4th year	By P&L A/c	2500

Depreciation A/c

Dr Date	Particulars	Amount	Cr Date	Particulars	Amount
1st year	To Lorry's A/c	30,000	1st year	By profit & loss A/c	30,000
2nd year	To Lorry's A/c	24000	2nd year	By profit & loss A/c	24000
3rd year	To Lorry's A/c	19200	3rd year	By profit & loss A/c	19200
4th year	To Lorry's A/c	15360	4th year	By P&L A/c	15360

Amount
25000
15,0000
10,000
65000
35000
160000

Amount
10,000
7500
5000
2500

Amount
30,000
24000
19200
15360

IV

Lorry's A/c

date	particulars	Amount	date	particulars	Amount
1st year	To Kishen A/c	150,000	1st year	By Dep A/c	30,000
			31	By Balance c/d	1,20,000
		150000			150000
2nd year	To Balance b/d	1,20,000	2nd year	By Dep A/c	24000
				By Balance c/d	96000
		1,20,000			120,000
3rd year	To Balance b/d	96000	3rd year	By Dep A/c	19200
				By Balance c/d	76800
		96000			96000
4th year	To Balance b/d	76800	4th year	By Dep A/c	15360
				By Kishen A/c	27500
				By Loss on Default (Balancing figure)	33940
		76800			76800

IV

Kishen A/c

1st year	To Bank A/c	50,000	1st year	By Lorry A/c	150,000
	To Bank A/c	35000		By Interest	10,000
	To Balance c/d	75000			
		160000			160000
2nd year	To Bank A/c	32500	2nd year	By Balance b/d	75000
	To Balance c/d	50,000		By Interest A/c	7500
		82500			82500
3rd year	To Bank A/c	30,000	3rd year	By Balance b/d	50,000
	To Balance c/d	25000		By Interest A/c	5000
		55000			55000
4th year	To Lorry's A/c	27500	4th year	By Balance b/d	25000
				By Interest A/c	2500
		27500			27500

10/B-23

Working Table

Number of Installment	opening principal Amount	Interest in ~~principal~~ Installment	principal in Installment	Installment Amount	closing principal Amount	opening Value of Asset	D^n	closing Value of Asset
down payment	120,000	—	30,000	30000	90,000	120,000	—	120,000
I^st year	90,000	7200	32800	40,000	57200	120000	12000	108000
II^nd year	57200	4576	35424	40,000	21776	108000	12000	96000

Working Notes

4 Cars At the end of Second year are Valued by Hire Vendi for Rs 96000

Value of 3 Car Taken by the Hire Vendor as per Hire Vendi

$= \frac{96000}{4} \times 3 = 72000$

Valuation of Three Car By Hire Vendor

(3 cars x Rs 30,000 & 90,000) − 20%

− 20% = Rs 57,600

∴ Loss on Default = 72000 − 57600

= 14400

Total cost of Three Car Before Sale by Hire Vendor = 57600 + 1400 = 59000

∴ profit on Resale = 62000 − 59000

= 3000

The Balance of one Car Valued at Rs $\frac{96000}{4 car}$ = Rs 24000 with the Hire Vendi

Amount due Before Second Installment by the Hire Vendi

= ₹7200

opening principal + Interest in Second Installment

= 57200 + 4576 = 61776.

→ But the Hire Vendor Has Taken 3 Cars at Rs 57,600.

∴ Amount Still due To the Hire Vendor

= 61776 − 57600 = 4,176

LEDGER of Deepak

DV Hire Vendor's A/c Cr

date	particulars	Amount	date	particulars	Amount
1st year	To Bank A/c	30,000	1st year	By Cars A/c	120,000
1st year	To Bank A/c	40,000	1st year	By Interest A/c	7200
1st year	To Balance c/d	57200			
		127200			127,200
IInd year	To Cars A/c	57,600	IInd year	By Balance b/d	57,200
IInd year	To Balance c/d	4176	IInd year	By Interest A/c	4576
		61,776			61,776
			IIIrd year	By Balance b/d	4176

Dr

Cars A/c

Cr

date	particulars	Amount	date	particulars	Amount
1st year	To Hire Vendor's A/c	1,20,000	1st year	By Depreciation A/c	12000
			1st year	By Balance c/d	1,08,000
		1,20,000			1,20,000
2nd year	To Balance b/d	1,08,000	2nd year	By Depreciation A/c	12000
			2nd year	By Hire Vendor's A/c	57,600
			2nd year	By Loss on Default A/c	14,400
			2nd year	By Balance c/d	24000
		1,08,000			1,08,000
3rd year	To Balance b/d	24000			

Dr

Interest A/c

Cr

1st year	To Hire Vendor's A/c	7200	1st year	By profit & loss A/c	7200
2nd year	To Hire Vendor's A/c	4576	2nd year	By profit & loss A/c	4576

Dr

Depreciation A/c

Cr

1st year	To Car's A/c	12000	1st year	By profit & loss A/c	12000
2nd year	To Car's A/c	12000	2nd year	By profit & loss A/c	

Dr

date	
1st year	
2nd year	
3rd year	

Dr

1st yea

2nd Yea

LEDGER of Hive Vendor

Deepak's A/c

Date	Particulars	Amount	Date	Particulars	Amount
1st year	To Sales A/c	1,20,000	1st year	By Bank A/c	30,000
	To Interest A/c	7200		By Bank A/c	40,000
				By Balance c/d	57,200
		1,27,000			1,27,000
2nd year	To Balance b/d	57200	2nd year	By Sales Return A/c	57,600
	To Interest A/c	4576		By Balance c/d	4176
		61,776			61,776
3rd year	To Balance b/d	4176			

Interest A/c

Date	Particulars	Amount	Date	Particulars	Amount
1st year	To profit & loss A/c	7200	1st year	By Deepak's A/c	7200
2nd year	To profit & loss A/c	4576	2nd year	By Deepak's A/c	4576

Dr

Sales Returns A/c

date	particulars	Amount	date	particulars	Amount
II year	To Deepak's A/c	57,600	II year	By Bank A/c	62,000
II year	To Bank A/c	1400			
II year	To profit on Resale A/c	3000			
		62,000			62,000

Working Table

date of Install Ment	opening principal Amount	Interest in Install Ment	principal in Install ment	Install Ment Amount	closing principal Amount	opening Value of Asset	Dep	closing value of Asset
1-7-04	3,50,000	-	70,000	70,000	2,80,000	3,50,000	-	3,50,000
31-12-04	280,000	7000	56,000	63000	224000	-	-	-
30-6-05	224000	5600	56,000	61600	168000	3,50,000	70,000	2,80,000

Working Notes

1 Trucks on 30 June 2005 with the Hire Vendi were for Rs 2,80,000

= 3 Trucks on 3-6-05 with Hire Vendi

$= \frac{2,80,000}{1 \text{ Trucks}} \times 3 \text{ Trucks} = 1,20,000$

	Amount
	62,000
	62,000

	Closing value of Asset
	350,000
	—
000	2,80,000

Hire

e Vendi

000

∴ Remaining 4 Trucks on 30-6-05 with the Hire Vendi

= Rs 2,80,000 - 1,20,000 = Rs 1,60,000 Trucks payment for 4 Truck Means payment of principal in Installment.

Hire ~~Vendor~~ Vendee paid for Trucks

Rs 70,000 + 56000 = Rs 126000

∴ Hire Vendee paid for Three Trucks

= Rs $\frac{126000}{7 \text{ Trucks}}$ × 3 Trucks = Rs 54000

Hire Vendor Reduces 25% from his payment

∴ Three Trucks Taken By the Hire Vendor are Valued by him = Rs 54000 - 25%

= Rs 40,500

∴ Loss on Default To the Hire Vendi

= Rs 1,20,000 - 40,500 = 79,500

LEDGER Of X

DV — Hire Vendor's A/c — Cr

date	Particulars	Amount	date	Particulars	Amount
1-7-04	To Bank A/c (Down payment)	70,000	1-7-04	By Trucks A/c	3,50,000
			31-12-04	By Interest A/c	7000
31-12-04	To Bank A/c	63,000	30-6-05	By Interest A/c	5600
30-6-05	To Trucks A/c	40,500			
30-6-05	To Balance c/d	1,89,100			
		3,62,600			3,62,600
			1-7-05	By Balance b/d	1,89,100

DV — Trucks A/c — Cr

date	Particulars	Amount	date	Particulars	Amount
1-7-04	To Hire Vendor's A/c	3,50,000	30-6-05	By Dep A/c	70,000
			30-6-05	By Hire Vendor's A/c (as per working Note)	40,500
			30-6-05	By Loss on Default A/c (as per working Notes)	79,500
			30-6-05	By Balance c/d	1,60,000
		3,50,000			3,50,000
1-7-05	To Balance b/d	1,60,000			

DV — Interest A/c — Cr

date	Particulars	Amount	date	Particulars	Amount
30-12-04	To Hire Vendor's A/c	7000	31-12-04	To Profit & Loss A/c	12600
30-6-05	To Hire Vendor's A/c	5600			
		12600			12600

DV — Depreciation A/c — Cr

date	Particulars	Amount	date	Particulars	Amount
30-6-05	To Trucks A/c	70,000	30-6-05	By Profit & Loss A/c	70,000

INSTALLMENT METHOD

3/3-24 Working Table

Date of Installment	Opening principal Amount	Interest in Install Ment	principal in Install Ment	Install Ment Amount	closing principal Amount	Opening value of Asset	D	R	closing value of Asset
1-1-03	7,450	—	2000	2000	5450	7,450	—		7450
31-12-03	5450	273	1727	2000	3723	7450	745		6705
31-12-04	3723	186	1814	2000	1909	6705	671		6034
31-12-05	1909	91	1909	2000	—	6034	603		5431

Journal Entries In the Books of Mehta & Co

date	particulars	L/f	Debit Amount	Credit Amount
1-1-03	Motor Vehicles A/c ---- Dr		7,450	
	Interest Suspense A/c ---- Dr		550	
	To Vendors A/c			8000
	(Being Bullet Motor Cycle purchased on Installment System & The Total Interest is Maintained in Interest Suspense A/c)			
1-1-03	Vendors A/c ---- Dr		2000	
	To Bank A/c			2000
	(Being Down payment is Made To the Vendor)			
31-12-03	Interest A/c ---- Dr		273	
	To Interest Suspense A/c			273
	(Being one year Interest Transferred To Interest A/c from Interest Suspense A/c)			

31-12-03	Vendor's A/c ---- Dr		2000	
	To Bank A/c			2000
	(Being First Installment is paid To Vendor)			
31-12-03	Depreciation A/c --- Dr		745	
	To Motor Vehicles A/c			745
	(Being Motor cycle is Depreciated at 10% p.a on Reducing Balances Method)			
31-12-03	Profit & Loss A/c --- Dr		1018	
	To Interest A/c			273
	To Depreciation A/c			745
	(Being The Balance in Interest A/c & Depreciation A/c is Transferred To profit & loss A/c at the end of the year)			
31-12-04	Interest A/c ---- Dr		186	
	To Interest Suspense A/c			186
	(Being Second year Interest is Transfered To Interest A/c from Interest Suspenses A/c)			
31-12-04	Vendor's A/c ---- Dr		2000	
	To Bank A/c			2000
	(Being Second Installment is paid To the Vendor)			
31-12-04	Depreciation A/c --- Dr		671	
	To Motor Vehicles A/c			671
	(Being Motor cycle is Depreciated at 10% p.a on Reducing Balances Method)			
31-12-04	Profit & Loss A/c --- Dr		277	
	To Interest A/c			186
	To Depreciation A/c			671
	(Being The balance is Transfered To P&L A/c at the end)			

31-12-03	Interest A/c ---- Dr		91	
	To Interest Suspense A/c			91
	(Being the Interest in last Installment is Transferred To Interest Suspense A/c from Interest A/c)			
31-12-03	Vendor's A/c ---- Dr		2000	
	To Bank A/c			2000
	(Being the Final Installment paid To Vendor)			
31-12-03	Depreciation A/c ---- Dr		603	
	To Motor vehicles A/c			603
	(Being the Motor Cycles is Depreciated at 10% p.a on Reducing Balance Method)			
31-12-03	Profit & Loss A/c ---- Dr		694	
	To Interest A/c			91
	To Depreciation A/c			603
	(Being the Balance in Interest A/c & Depreciation A/c is Transferred To P&L A/c At the End of the year)			

LEDGER of Mehta & Co

Dr — Interest A/c — Cr

date	particulars	Amount	date	particulars	Amount
31-12-03	To Vendor's A/c Interest Suspense	273	31-12-03	By P&L A/c	273
31-12-04	To Vendor's A/c Interest Suspense	186	31-12-04	By P&L A/c	186
31-12-05	To Vendor A/c Interest Suspense	91	31-12-04	By Profit & Loss A/c	91

Dr — Depreciation A/c — Cr

31-12-03	To Motor Vehicles A/c	745	31-12-03	By Profit & Loss A/c	745
31-12-04	To Motor Vehicles A/c	671	31-12-04	By P&L A/c	671
31-12-05	To Motor Vehicles A/c	603	31-12-05	By P&L A/c	603

Dr

Vendor's A/c

Cr

date	Particulars	Amount	date	Particulars	Amount
1-1-03	To Bank A/c	2000	31-12-03	By Motor vehicle A/c	7,450
31-12-03	To Bank A/c (1st Installment)	2000	1-1-03	By Interest Suspended A/c	550
31-12-03	To Balance c/d	4000			8000
		8000	1-1-04	By Balance b/d	4000
31-12-04	To Bank A/c (Second Installment)	2000			4000
31-12-04	To Balance c/d	2000			
		4000			
31-12-05	To Bank A/c	2000	1-1-05	By Balance b/d	2000

Dr

Motor Vehicles A/c

Cr

1-1-03	To Vendor's A/c	7450	31-12-03	By Dep A/c	745
			31-12-03	By Balance c/d	6705
		7450			7450
1-1-04	To Balance b/d	6705	31-12-04	By Dep A/c	671
			31-12-04	By Balance c/d	6034
		6705			6705
1-1-05	To Balance b/d	6034	31-12-05	By Dep A/c	603
			31-12-05	By Balance c/d	5431
		6034			6034
1-1-06	To Balance b/d	5431			

Interest Suspense A/c

Date	Particulars	Amount	Date	Particulars	Amount
31-12-03	To Vendors A/c	550	31-12-03	By Interest A/c	273
			31-12-03	By Balance c/d	277
		550			550
1-1-04	To Balance b/d	277	31-12-04	By Interest A/c	186
			31-12-04	By Balance c/d	91
		277			277
1-1-05	To Balance b/d	91	31-12-05	By Interest A/c	91

Working Table

Date	Opening Principal Amount	Interest in Instalment	Principal in Instalment	Instalment Amount	Closing Principal Amount	Opening Value of Asset	Dep	Closing Value of Asset
2003-04	40,000	–	10,000	10,000	30,000	40,000	–	40,000
2004-05	30,000	1500	8500	10,000	21500	40,000	6000	34000
2005-06	21500	1075	8925	10,000	12575	34000	6000	28000
2006-07	12575	629	12575	13,204	–	28000	6000	22000

Journal Entries in The Books of New Motor Co. Ltd

date	Particulars	LF	Debit Amount	Credit Amount
1-4-03	Lorries A/c ---- Dr		40,000	
	Interest Suspense A/c ---- Dr	✓	3204	
	To Bharat Motor Ltd A/c			43204
	(Being Lorries purchased on Installment Basis & The Total Interest is Maintained In Interest Suspense A/c)			
1-4-03	~~Vendor's A/c ---- Dr~~		~~10,000~~	
	~~To Bank A/c~~			~~10,000~~
	~~(Being down payment paid To~~			
1-4-03	Bharat Motor Ltd A/c ---- Dr	✓	10,000	
	To Bank A/c			10,000
	(Being down payment paid To Vendor)			
31-3-04	Interest A/c ---- Dr		1500	
	To Interest Suspense A/c	✓		1500
	(Being one year Interest is Transferred To Interest A/c from Interest Suspense A/c)			
31-3-04	Bharat Motor Ltd A/c ---- Dr	✓	10,000	
	To Bank A/c			10,000
	(Being First Installment paid To the Vendor)			
31-3-04	Depreciation A/c ---- Dr		6000	
	To Lorry A/c			6000
	(Being Depreciation charged To Lorry at 15% under Straight Line Method)			
31-3-04	Profit & Loss A/c ---- Dr		7500	
	To Interest A/c			1500
	To Depreciation A/c			6000
	(Being The Balance in Interest & Depreciation A/c Transferred To P&L A/c)			

31-3-05	Interest A/c ---- Dr		1075	
	To Interest Suspense A/c			1075
	(Being 2nd year Interest is Transfered To Interest A/c from Interest Suspense A/c)			
31-3-05	Bharat Motor Ltd A/c ---- Dr		10,000	
	To Bank A/c			10,000
	(Being 2nd Installment paid To Vendor)			
31-3-05	Depriciation A/c ---- Dr		6000	
	To Lorry's A/c			6000
	(Being The Lorry is Depreciated @ 15% p.a)			
31-3-05	Profit & Loss A/c ---- Dr		17075	
	To Interest A/c			1075
	To Depreciation A/c			6000
	(Being The Balance in Interest A/c & Depreciation A/c is Transfered To P&L A/c at the end of the year)			
31-3-06	Interest A/c ---- Dr		629	
	To Interest Suspense A/c			629
	(Being The Final Year Interest is Transfered To Interest A/c from Interest Suspense A/c)			
31-3-06	Bharat Motor Ltd A/c ---- Dr		13204	
	To Bank A/c			13,204
	(Being The Final Installment paid To Vendor)			
31-3-06	Depriciation A/c ---- Dr		6000	
	To Lorry's A/c			6000
	(Being The Lorry is Depriciated at 15% p.a)			
31-3-06	Profit & Loss A/c ---- Dr		6629	
	To Interest A/c			629
	To Depreciation A/c			6000
	(Being The Balance in Both Nominal A/c is Transfered To P&L A/c at the end of year)			

31-05	Bank A/c ------ Dr	✓	10,000	
	To New Motor Co's A/c			10,000
	(Being 2nd Installment Received from Vendi)			
31-3-05	Interest A/c ------ Dr	✓	1075	
	To Profit & Loss A/c			1075
	(Being The Balance in Interest A/c is Transferred To Profit & Loss A/c at the End of the year)			
31-3-06	Interest Suspense A/c. -- Dr	✓	629	
	To Interest A/c			629
	(Being Interest is Transferred To Interest A/c from Interest Suspense A/c)			
3-3-06	Bank A/c ------ Dr	✓	13,204	
	To New Motor Co's A/c			13,204
	(Being Final Installment is Received from Vendi)			
31-3-06	Interest A/c ------ Dr	✓	629	
	To Profit & Loss A/c			629
	(Being The Balance in Interest A/c is Transferred To Profit & Loss A/c at the End of the year)			

1/B-19

Working Table

Date of Installment	opening Principal Amount	Interest in Installment	Principal in Installment	Installment Amount	closing Principal Amount
1-1-03	1,490	-	400	400	1090
31-12-03	1090	55	345	400	745
31-12-04	745	37	363	400	382
31-12-05	382	18	382	400	-

2/B-19

Working Table

Number of Installment	opening Principal Amount	Interest in Installment	Principal in Installment	Installment Amount	closing Principal Amount
down payment	11,175	-	3000	3000	8175
I st	8175	409	2591	3000	5584
II nd	5584	279	2721	3000	2863
III rd	2863	137	2863	3000	-

3/B-19

Working Table

Number of Installment	opening Principal Amount	Interest in Installment	Principal in Installment	Installment Amount	closing Principal Amount
down payment	15,980	-	4000	4000	11980
I st	11980	599	5401	6000	6579
II nd	6579	329	4671	5000	1908
III rd	1908	92	1908	2000	-

closing principal Amount
1090
745
382
—

closing principal Amount
8175
5584
2863
—

closing principal Amount
11980
6579
1908
—

4/B-19

Since Installments are Equal & Rate of Interest is Not Given, Then the Total Interest is Apportioned Between the Installment In 3:2:1 as there are only three Installment.

Total payment = 3000 + 5000 + 5000 + 5000 = 18000

Cash price of Asset = 15,500

∴ To Interest is

= 18000 − 15,500 = 2500

Interest in First Installment

$= 2500 \times \frac{3}{6} = 1250$

Interest in Second Installment

$= 2500 \times \frac{2}{6} = 833$

Interest in Third Installment

$= 2500 \times \frac{1}{6} = 417$

5/B-19 Since Installments are Equal & Rate of Interest is Not Given, Then the Total Interest is Apportioned Between the Installments In 3:2:1 as There are Three ~~Four~~ Installments.

Total payment = 3000 + 3000 + 3000 + 3000 = 12000

Cash price of the Asset is = 9000

∴ To Interest is

= 12000 − 9000 = 3000

Interest in I st Installment =

$= 3000 \times \frac{3}{6} = 1500$

Interest in II nd Installment $= 3000 \times \frac{2}{6} = 1000$

Interest in III rd Installment $= 3000 \times \frac{1}{6} = 500$

6/B-20

Since Installments are Equal & Rate of Interest is Not Given. Then The Total Total Interest is Apportioned Between the Installments In 4:3:2:1 as There are four Installments.

Total payment = 500+500+500+500.

= 2000

Cash price of the Asset is 1,800

∴ Interest is = 2000 − 1800

= 200

Interest in First Installment

$= 200 \times \frac{4}{10} = 80$

II nd Installment $= 200 \times \frac{3}{10} = 60$

III rd Installment Interest =

$= 200 \times \frac{2}{10} = 40$

IV Installment Interest

$= 200 \times \frac{1}{10} = 20$

7/8-20 Important Notes

Date of Number of Installment	Opening Principal Amount	Interest in Installment	Principal in Installment	Installment Amount	Closing Principal Amount
Purchase	10,000	—	2000	2000	8000
I st	8000	800	2000	2800	6000
II nd	6000	600	2000	2600	4000
III rd	4000	400	2000	2400	2000
IV th	2000	200	2000	2200	—
V th	—	—	—	—	—

Working Notes

Rate of Interest is 10%

If 100 is principal, Interest is 10 & Total Amount is 110

Interest in final Installment = $\frac{2200}{110} \times 10$

= 200.

Total Amount due Before III rd Installment paid = 2400 + 2000 = 4400

Interest in III rd Installment = $\frac{4400}{110} \times 10$

= 400

Total Amount due Before II nd Installment paid = 2600 + 4000 = 6600.

Interest in II nd Installment = $\frac{6600}{110} \times 10$

= 600

Total Amount due before 1st Installment paid = 2800 + 6000 = 8800

Interest in 1st Installment = $\frac{8800}{110} \times 10$

= Rs 800

8/B-20

Working Table

Number of Installment	opening principal Amount	Interest in Installment	principal in Installment	Installment Amount	closing principal Amount
down payment		—		20,000	
1st year	12472	2528	12472	15000	12810
IInd year	12810	2190	12810	15000	9091
IIIrd year	9091	909	9091	10,000	—

Working Notes

Rate of Interest is 10%.

If 100 is principal, Interest is 10 &

Total Amount is 110

Interest in final year Installment

$= \frac{10,000}{110} \times 10 = 909$

Total Amount due before IIIrd Installment paid = 15000 + 9091 = 24091

Interest in IInd year Installment =

$= \frac{24091}{110} \times 10$

$= 2190$

Total Amount due Before 1st Installment Paid = 15000 + 21901

= 36901

Interest in 1st year Installment

$= \frac{36901}{110} \times 10$

= 3355

Cash price of the Asset

= 33546 + 20,000

= 53,546

Number of Installment	Opening principal Amount	Interest in Installment	principal in Installment	Installment Amount	closing principal Amount
Down payment	53546	–	20,000	20,000	33546
1st year	33546	3355	11645	15000	21901
2nd year	21901	2190	12810	15000	9091
3rd year	9091	9091	9091	10,000	–

Cash price of the Asset is

= 53546

15/B-25

Working Table

date of Instalment	Opening principal Amount	Interest in Instalment	principal in Instalment	Instalment Amount	closing principal Amount	Opening Value of Asset	Depreciation	closing Value of Asset
1-1-2000	1,50,000	—	20,000	20,000	1,30,000	150000	-	1,50,000
31-12-2000	1,30,000	6500	23500	30,000	1,06,500	150000	15000	135000
31-12-01	1,06,500	5325	24675	30,000	81825	135000	13500	121500
31-12-02	81825	4091	25909	30,000	55916	121500	12150	109350
31-12-03	55916	2796	27204	30,000	28712	109350	10935	98415
31-12-04	28712	1288	28712	30,000	—	98415	9842	88573

Ledger of Pradeep Dutt

Satish Ltd A/c

date	particulars	Amount	date	particulars	Amount
1-1-2000	To Bank A/c	20,000	1-1-00	By Vans A/c	150,000
31-12-2000	To Bank A/c	30,000	1-1-2000	By Interest Suspense A/c.	20,000
31-12-2000	To Balance c/d	120,000			
		170000			170000
31-12-01	To Bank A/c	30,000	1-1-01	By Balance b/d	120,000
31-12-01	To Balance c/d	90,000			
		120000			120000
31-12-02	To Bank A/c	30,000	1-1-02	By Balance b/d	90,000
31-12-02	To Balance c/d	60,000			
		90,000			90,000
31-12-03	To Bank A/c	30,000	1-1-03	By Balance b/d	60,000
31-12-03	To Balance c/d	30,000			
		60,000			60,000
31-12-04	To Bank A/c	30,000	1-1-04	By Balance b/d	30,000

Vani A/c

Dr	Date	Particulars	Amount	Date	Particulars	Cr Amount
Closing Value of Asset	1-1-00	To Satish Ltd A/c	150000	31-12-00	By Dep A/c	15000
				31-12-2000	By Balance c/d	135000
			150000			150000
1,50,000	1-1-01	To Balance b/d	1,35,000	31-12-01	By Dep A/c	13500
				31-12-01	By Balance c/d	121500
135000			135000			1,35,000
	1-1-02	To Balance b/d	1,21,500	31-12-02	By Depreciation A/c	12150
121500				31-12-02	By Balance c/d	109350
			1,21,500			1,21,500
	1-1-03	To Balance b/d	109350	31-12-03	By Depreciation A/c	10935
109350				31-12-03	By Balance c/d	98415
			109350			109350
98415	1-1-04	To Balance b/d	98415	31-12-04	By Depreciation A/c	9842
88573				31-12-04	By Balance c/d	88573
			98415			98415
	1-1-05	To Balance b/d	88573			

Interest A/c

Amount	Dr	Particulars	Amount	Date	Particulars	Cr Amount
150,000	31-12-2000	To Satish Ltd A/c	6500	31-12-2000	To profit & Loss A/c	6500
20,000	31-12-01	To Satish Ltd A/c	5325	31-12-01	By profit & Loss A/c	5325
	31-12-02	To Satish Ltd A/c	4091	31-12-02	By profit & Loss A/c	4091
170000	31-12-03	To Stish Ltd A/c	2796	31-12-03	By profit & Loss A/c	2796
120,000	31-12-04	To Satish Ltd A/c	1288	31-12-04	By profit & Loss A/c	1288
120000						
90,000						
90,000						
60,000						

Depreciation A/c

Dr	Particulars	Amount	Date	Particulars	Cr Amount
31-12-2000	To Vani A/c	15000	31-12-2000	By profit & Loss A/c	15000
31-12-01	To Vani A/c	13500	31-12-01	By profit & Loss A/c	13500
31-12-02	To Vani A/c	12150	31-12-02	By profit & Loss A/c	12150
31-12-03	To Vani A/c	10935	31-12-03	By profit & Loss A/c	10935
31-12-04	To Vani A/c	9842	31-12-04	By profit & Loss A/c	9842

60,000
30,000

DV

Interest Suspense A/c

date	particulars	Amount	date	particulars	Amount	DV date
1-1-2000	To Satish Ltd A/c	20,000	31-12-2000	By Interest A/c	6500	31-12-20
			31-12-2000	By Balance c/d	13500	
		20,000			20,000	31-12-0
1-1-01	To Balance b/d	13500	31-12-01	By Interest A/c	5325	
			31-12-01	By Balance c/d	8175	31-12-0
		13500			13500	
1-1-02	To Balance b/d	8175	31-12-02	By Interest A/c	4091	31-12-0
			31-12-02	By Balance c/d	4084	
		8175			8175	31-12-0
1-1-03	To Balance b/d	4084	31-12-03	By Interest A/c	2796	
			31-12-03	By Balance c/d	1288	
		4084			4084	
1-1-04	To Balance b/d	1288	31-12-04	By Interest A/c	1288	

LEDGER of Satish Ltd

DV

Pradeepi A/c

date	particulars	Amount	date	particulars	Amount	DV
1-1-00	To Sales A/c	1,50,000	31-12-2000	By Bank A/c	20,000	31-12-20
1-1-2000	To Interest Suspense A/c	20,000	31-12-2000	By Bank A/c	30,000	31-12-20
			31-12-2000	By Balance c/d	1,20,000	
		170,000			170000	31-12-0
1-1-01	To Balance b/d	1,20,000	31-12-01	By Bank A/c	30,000	31-12-0
			31-12-01	By Balance c/d	90,000	
		120000			120000	31-12-0
1-1-02	To Balance b/d	90,000	31-12-02	By Bank A/c	30,000	31-12-0
			31-12-02	By Balance c/d	60,000	
		90,000			90,000	31-12-0
1-1-03	To Balance b/d	60,000	31-12-03	By Bank A/c	30,000	31-12-0
			31-12-03	By Balance c/d	30,000	
		60,000			60,000	
1-1-04	To Balance b/d	30,000	31-12-04	By Bank A/c	30,000	31-12-0

Interest A/c

Amount	Date	Particulars	Amount	Date	Particulars	Amount
6500	31-12-2000	To profit & loss A/c	6500	31-12-2000	By provision A/c	6500
13500	31-12-01	To profit & loss A/c	5325	31-12-01	By provision A/c	5325
20,000	31-12-02	To profit & loss A/c	4091	31-12-02	By provision A/c	4091
5325	31-12-03	To profit & loss A/c	2796	31-12-03	By provision A/c	2796
8175	31-12-04	To profit & loss A/c	1288	31-12-04	By provision A/c	1288
13500						
4091						
4084						
8175						
2796						
1288						
4084						
1288						

Interest Suspense A/c

Amount	Date	Particulars	Amount	Date	Particulars	Amount
20,000	31-12-2000	To Interest A/c	6500	1-1-2000	By provision A/c	6500
30,000	31-12-2000	To Balance c/d	13500			13500
1,20,000			20,000			20,000
170000	31-12-01	To Interest A/c	5325	1-1-01	By Balance b/d	13500
30,000	31-12-01	To Balance c/d	8175			
90,000			13,500			13500
120000	31-12-02	To Interest A/c	4091	1-1-02	By Balance b/d	8175
30,000	31-12-02	To Balance c/d	4084			
60,000			8175			8175
90,000	31-12-03	To Interest A/c	2796	1-1-03	By Balance b/d	4084
30,000	31-12-03	To Balance c/d	1288			
30,000			4084			4084
60,000	31-12-04	To Interest A/c	1288	1-1-04	By Balance b/d	1288
30,000						

Hire purchase Trading A/c of M/s. _____

Dr For the Year Ended _____ Cr

Particulars	Amount	Particulars	Amount
To Stock with customers on which Installments are Not Due	xxx	By Bank A/c (collection from customers during the year)	xxx
To Installments due But Not received at the Beginning of the Year	xxx	By profit on Resale due to Default of Installments	xxx
To Hire purchase Sales	xxx	By Stock with customers on which Installments are Not Due	xxx
To Expenses (if Any)	xxx	By Hire purchase Installment due but not received	xxx
To loading in closing stock Cancelled	xxx	By loading in opening Stock Cancelled	xxx
To profit & loss A/c (Excess credit) that is profit on Hire purchase System Transferred, Balancing figure)	xxxx	By loading hire purchase Sale Cancelled	xxx
	xxxx		xxxx

96-20

Date	opening value of Asset	Interest in Instalment	principal in Instalment	Instalment Amount	closing value Principal Amount
1-1-03	25785	—	6000	6000	19785
31-12-03	19785	1979	4421	6400	15364
31-12-04	15364	1536	7364	8900	8000
31-12-05	8000	800	8000	8,800	—

Working Notes

Rate of Interest is 10%.

If 100 is principal, Interest is 10 &

Total Amount is 110

Interest in final Instalment

$$= \frac{8,800}{110} \times 10 = 800$$

Amount due Before II nd Instalment paid = 8900 + 8000

Interest in 2nd year = $\frac{16900}{110} \times 10$

Total Amount due Before I st Instalment paid = 6400 + 15364

= 21764

Interest = $\frac{21764}{110} \times 10$

= 1979

Cash price of the Asset

= 25785

10/B-20

Number of Installment	opening principal Amount	Interest in Installment	principal in Installment	Installment Amount	closing principal Amount
Down Payment	22000	—	4400	4400	17600
I st	17600	1760	4400	6160	13200
II nd	13200	1320	4400	5720	8800
III rd	8800	880	4400	5280	4400
IV	4400	440	4400	4840	—

Working Notes

Rate of Interest is 10% of 100 is principal
Interest is 10 & Total Amount is 110

Interest in Final Installment

$$= \frac{4840}{110} \times 10 = 440$$

Amount due Before III rd Installment

Paid = 5280 + 4400

Interest in III rd $= 9680$ Installment

$$= \frac{9680}{110} \times 10$$

Amount due Before II nd Installment

Paid = 5720 + 8800

Interest in II nd $= 14520$ Installment

$$= \frac{14520}{110} \times 10$$

Amount due Before 1st Installment paid = 6160 + 13200

= 19360

Interest in 1st Installment

$= \frac{19360}{110} \times 10$

= 1760

P/B-21

Date of Installment	Opening Principal Amount	Interest in Installment	Principal in Installment	Installment Amount	closing Principal Amount
1-1-03	16400	—	2400	2400	14000
31-12-03	14000	1400	2000	3400	12000
31-12-04	12000	1200	2000	3200	10,000
31-12-05	10,000	1000	10,000	11000	—

Working Notes

Rate of Interest is 10% If 100 is principal Interest is 10 & Total Amount is 10

Interest in final Installment

$= \frac{11000}{110} \times 10$

Amount due Before IIIrd Installment paid - 3200 + 10,000

= 13200

Interest in IIIrd Installment

$= \frac{13200}{110} \times 10 = 1200$

Amount due before II nd Installment

= 12000 + 3400

= 15400

Interest in II nd Installment

$= \frac{15400}{110} \times 10 = 1400$

Cash price = 16,400

16/B-25 Hire purchase Trading A/c of M/S Narendra Dube
DV For the Year ended 31-12-2005

Particulars	Amount	Particulars	Amount
To Stock with Customer on which Installments are Not due	80,000	By Bank A/c (collection with customer during the year)	280000
To Hire purchase Sale	400,000	By profit on Resale (due To Default of Installment)	1500
To loading closing Stock Cancelled ($180000 \times \frac{60}{160}$)	67500	By Stock with Customer on which Installments are Not due	1,80,000
To profit & loss A/c (Excess credit on Hire purchase System Transfered, Balancing figure)	104000	By Hire purchase Installments due, but Not Received from customers	10,000
		By loading in opening Stock Cancelled ($80,000 \times \frac{60}{160}$)	30,000
		By loading in Hire purchase Sale Cancelled ($400000 \times \frac{60}{160}$)	150,000
	651500		651500

→ To find closing Debtors

Closing Debtors = Opening Stock + opening Debtors + Hire purchase Sale − Cash Collected from customers − Defaulted

Hire purchase Trading A/c of M/s A to C

For the Year Ended ---

Particulars	Amount	Particulars	Amount
To Stock with customer on which Instalments at Selling Price at the Beginning of the year	10,800	By Bank A/c (Cash Received from customers)	28860
To Instalment due but not paid at the Beginning of the year	1000	By Stock with customer at Selling Price at the End of the Year	24000
To Sales during the Year at Selling price	43560	By Instalment due at the End But Not Received	2500
To loading in closing Stock Cancelled (24000 × 60/160)	9000	By loading in opening Stock Cancelled (10,800 × 60/160)	4050
To profit & Loss A/c (Excess credit on Hire purchase System Transfered Balancing figure)	11385	By loading in Hire purchase Sale Cancelled (43560 × 60/160)	16335
	75745		75745

Instalment Amount – Closing Stock = 80,000 + Nil + 400000 – 280000 – 10,000 – 180000

3.4d

3.8-26 Hire purchase Trading A/c of M/s Venkateshbros
For the Year Ended 31-12-2005

Amount	Particulars	Amount	Particulars	Amount
224000	To Stock out on Hire purchase	80,000	By Bank A/c (Cash Received during the year)	1,60,000
2000	To Installments due (opening debtor)	6000	By Stock out on hire purchase price	92000
20,000	To Goods sold on hire purchase during the year	1,76,000	By Installments due	10,000
24000	To Loading in closing Stock Cancelled ($92000 \times \frac{1}{4}$)	23000	By Loading in opening stock Cancelled ($80,000 \times \frac{1}{4}$)	20,000
20,000	To profit & loss A/c (Excess credit ~~which~~ on Hire purchase System Transfered. Balancing figure)	41000	By Loading in Hire purchase Sale Cancelled ($1,76,000 \times \frac{1}{4}$)	44000
98000		326000		326000

Working Notes

$33\frac{1}{3}\% = \frac{33\frac{1}{3}}{133\frac{1}{3}}$ which is $\frac{33\frac{1}{3}}{133\frac{1}{3}}$

224000

After Simplification we Get

$= \frac{1}{4}$ Answer